



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

February 6, 2024

TO: The Honorable Vanessa E. Atterbeary
Chair, Ways and Means Committee

FROM: Marc Elrich
County Executive

RE: House Bill 287, *Tax Credits – Homeowners and Renters – Income Calculation*
Support

I am writing to express my support for House Bill 287, *Tax Credits – Homeowners and Renters – Income Calculation*. The bill would expand eligibility for the Renters' Property Tax Relief Program (Renters' Relief Program) by excluding the cash value of any qualified retirement savings plan or individual retirement account from the calculation of a renter's net worth. This change would bring the Renters' Relief Program into alignment with the Homeowners' Property Tax Credit Program (HOTC Program), which already excludes the cash value of any qualified retirement savings plan or individual retirement account from the calculation of a homeowner's net worth.

The Renters' Relief Program provides financial assistance for elderly, disabled, and certain low-income renters for the costs attributable to State and local real property taxes. The program was modeled after and designed to be similar in principle to the HOTC Program, which allows credits against a property tax bill if a homeowner's net worth and income do not exceed certain levels. The concept for the Renters' Relief Program rests on the reasoning that renters indirectly pay property taxes as part of their rent and thus should have similar protection.

The Renters' Relief Program makes payments directly to eligible renters whose combined net worth does not exceed \$200,000 to provide relief for the "assumed property tax" that renters indirectly pay as part of their rent. The credit amount is based upon the relationship between rent and income. If the portion of rent attributable to the assumed property taxes exceeds a fixed amount in relation to income, a renter whose net worth does not exceed certain levels can, under specified conditions, receive a credit of up to \$1,000. The credit is paid as a direct check to the renter from the State of Maryland.

It makes sense that the treatment of qualified retirement savings plans and individual retirement accounts for the purpose of calculating net worth would be the same for the Renters' Relief Program and the HOTC Program. I respectfully request that the Ways and Means Committee give this bill a favorable report.

cc: Members of the Ways and Means Committee